



April 30, 2008

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1005 Congress, Suite 600  
Austin, Texas 78701  
Phone: (512) 474-6725  
Fax: (512) 474-9670  
[www.aect.net](http://www.aect.net)  
[info@aect.net](mailto:info@aect.net)

Ms. Ashley Forbes  
Texas Commission on Environmental Quality  
MC-206  
P.O. Box 13087  
Austin, TX 78711-3087

Re: The Association of Electric Companies of Texas' comments on possible control strategies for the Houston/Galveston/Brazoria 8-Hour Ozone SIP presented at March 25-26, 2008 TCEQ Stakeholder Meeting

Dear Ms. Forbes:

The Association of Electric Companies of Texas ("AECT") is a trade association representing electric companies in Texas. Organized in 1978, AECT provides a forum for member companies' representatives to exchange information on their industry, and to communicate with state and federal governmental officials.

AECT appreciates the opportunity to submit these comments regarding the possible control strategies that the TCEQ will consider as components of the Houston/Galveston/Brazoria ("HGB") SIP, which the TCEQ presented at the March 25-26, 2008 Stakeholder Meeting.

**The primary focus of the HGB SIP should be on encouraging and supporting necessary nitrogen oxides ("NO<sub>x</sub>") and/or volatile organic compounds ("VOC") emissions reductions from on-road and off-road mobile sources and federal sources, such as marine vessels, in the HGB area, rather than on requiring additional NO<sub>x</sub> and/or VOC emissions reductions from stationary point sources, such as electric generating units, that have already made significant investments in technology to reduce their NO<sub>x</sub> and/or VOC emissions.**

As a result of the existing SIP rules, electric generating units in the HGB area have already made significant reductions of NO<sub>x</sub> emissions. These emissions reductions, when combined with NO<sub>x</sub> and VOC emissions reductions achieved by other types of stationary point sources, have contributed to improvements in the 8-hour ozone concentrations in the HGB area.

The results of prior photochemical modeling clearly demonstrate that requiring additional NO<sub>x</sub> and VOC emissions reductions, even significant reductions, from stationary point sources, including electric generating units, will not bring the HGB area into attainment with the 8-hour ozone standard. For example, photochemical modeling that the TCEQ conducted previously assuming the complete elimination of all NO<sub>x</sub> and VOC emissions from point sources (including electric generating units) and ships in the Houston Ship Channel area showed that the 8-hour ozone concentrations would continue to exceed the 8-hour standard at six (6) of the nine (9) 8-hour ozone monitors in the HGB area that were evaluated during the modeling.

AECT believes that such modeling demonstrates that the significant amounts of NO<sub>x</sub> and VOC emissions from on-road and off-road mobile sources and federal sources, such as marine vessels, in the HGB area are the primary reason the HGB area is not in attainment with the 8-hour ozone standard. Approximately 55% of the projected total NO<sub>x</sub> emissions in the HGB area in 2009 are from on-road and off-road mobile sources and federal sources, such as marine vessels, in the HGB area. NO<sub>x</sub> and VOC emissions from such sources must be reduced significantly before the HGB area can possibly attain the 8-hour ozone standard.

As federal rules that will impose NO<sub>x</sub> and VOC emissions reduction requirements on on-road and off-road mobile sources are implemented, older, higher-emitting on-road and off-road mobile sources will be replaced with newer, lower-emitting on-road and off-road mobile sources. This will result in great reductions in the NO<sub>x</sub> and VOC emissions from such sources and in the 8-hour ozone design values in the HGB area, even though the population and the vehicle miles traveled in the HGB area will continue to increase. AECT suggests that the TCEQ continue to encourage EPA to take all appropriate measures to expedite the achievement of reductions in NO<sub>x</sub> and VOC emissions from on-road and off-road mobile sources, and from federal sources, such as marine vessels, in the HGB area.

AECT also suggests that the TCEQ continue to encourage and support programs and initiatives, such as the Texas Emissions Reduction Program ("TERP") and the Low-Income Repair and Assistance Program ("LIRAP"), that will reduce NO<sub>x</sub> and VOC emissions from on-road and off-road mobile sources in the HGB area, even if the resulting reductions cannot be considered in the HGB SIP for certain legal reasons (such as because the programs are voluntary or the emissions reductions they will achieve are difficult to quantify).

**Evaluation and determination of possible HGB SIP control strategies should be based on their ozone reduction benefits, and their technical and economic feasibilities**

On Slide 31 of the PowerPoint slides that the TCEQ presented at the March 25-26, 2008 Stakeholder Meeting, the TCEQ states that in its evaluation of possible control strategies that will be considered as components of the HGB SIP, the TCEQ will conduct further analysis of the control strategies as necessary to determine their "ozone reduction benefits, as well as [their] technical and economic feasibility." By "ozone reduction benefits," AECT understands the TCEQ to mean the degree to which photochemical modeling predicts the ozone concentrations in the area will decrease as a result of the NO<sub>x</sub> and/or VOC emissions reductions due to those control strategies. Based on that definition of "ozone reduction benefits," AECT believes that a control strategy's ozone reduction benefits is a much more relevant factor for ozone SIP purposes to consider than the tons of NO<sub>x</sub> or VOC emissions reductions due to the control strategy, especially for any control strategy that involves sources outside of the HGB area. AECT's support for that belief is that the goal of any control strategy that is a component of the HGB SIP will be to reduce the ozone concentrations in the HGB area; the goal should not be to merely reduce the mass emissions of NO<sub>x</sub> or VOC.

AECT wholeheartedly concurs with the TCEQ that in evaluating possible control strategies (whether or not they are on the list the TCEQ presented at the March 25-26, 2008 Stakeholder Meeting), the "ozone reduction benefits" and the "technical and economic feasibility" of each possible control strategy must be determined. Any possible control



strategy that does not have sufficient "ozone reduction benefits", or is not technically feasible and economically feasible, should be rejected as a possible component of the HGB SIP.

In determining the economic feasibility of each possible NO<sub>x</sub> control strategy, especially for one that involves sources located outside the HGB area, AECT believes it is critical that the TCEQ use a ratio different than the ratio of the cost of the control strategy to the reduction in mass emissions of NO<sub>x</sub> due to that control strategy (i.e., a ratio of \$/tons NO<sub>x</sub> reduced). Instead, the TCEQ should use the ratio of the cost of the control strategy to the amount of reduction in ozone concentration that photochemical modeling predicts the NO<sub>x</sub> mass emissions reductions due to that control strategy will cause in the HGB area (i.e., the ratio of \$/ppb ozone concentration reduced). Use of such a metric will help ensure that the most cost effective NO<sub>x</sub> control strategies are selected.

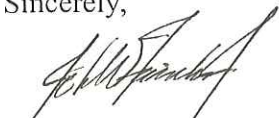
**AECT opposes any NO<sub>x</sub> emissions control strategy that would apply to power plants located within 200 km of the HGB area**

Power plants within 200 km of the HGB area already are well-controlled relative to NO<sub>x</sub> emissions, and they emit very little VOC emissions. As of 2006, the average NO<sub>x</sub> emissions rate (in lb/MMBtu) of power plants in Texas is the 7<sup>th</sup> lowest of all states and is one of the lowest of all states with power plants that burn coal. Moreover, the Texas average NO<sub>x</sub> emissions rate is <50% of the average NO<sub>x</sub> emissions rate of power plants in the United States. In addition, further NO<sub>x</sub> emissions reductions are expected to occur from power plants in Texas because of the Clean Air Interstate Rule ("CAIR") because some companies will be making further NO<sub>x</sub> emissions reductions from their power plants in Texas to comply with CAIR.

Moreover, based on its experience, AECT believes that a NO<sub>x</sub> emissions control strategy of the type that AECT anticipates might be proposed for power plants located within 200 km of the HGB area will not be economically feasible. AECT also believes that it may not be technically feasible for certain solid fuel-fired power plants to achieve the NO<sub>x</sub> emissions level that AECT anticipates might be imposed by such control strategy.

AECT appreciates the opportunity to submit these comments. If you have any questions, please contact Keith Courtney (512) 499-3865.

Sincerely,



John W. Fainter, Jr.  
AECT President and CEO